SENATE JOURNAL 66TH LEGISLATURE FIFTIETH LEGISLATIVE DAY

Helena, Montana Senate Chambers
March 12, 2019 State Capitol

Senate convened at 1:02 p.m. President Sales presiding. Invocation by Senator Welborn. Pledge of Allegiance to the Flag.

Roll Call. Forty-nine members present, Senator Osmundson excused. Quorum present.

BILLS AND JOURNALS (Keenan, Chair):

3/12/2019

Mr. President: We, your committee on Bills and Journals, having examined the daily journals for the thirty-sixth through the fortieth legislative days, find the same to be correct.

Correctly printed: SB 24, SB 228, SB 269, HB 86, HB 112, HJ 4.

Examined by the sponsor and found to be correct: **SR 29**.

Transmitted to the House: HB 30, HB 44, HB 55, HB 58, HB 70, HB 142, HB 151, HB 154, HB

247. HB 259.

REPORTS OF STANDING COMMITTEES

BUSINESS, LABOR, AND ECONOMIC AFFAIRS (Fitzpatrick, Chair): 3/12/2019

SR 33, be adopted. **SR 37**, be adopted.

HB 85. be concurred in.

HB 320, be concurred in.

HB 368, be concurred in.

LOCAL GOVERNMENT (Lang, Chair): 3/11/2019

HB 299. be concurred in.

HB 326, be concurred in.

NATURAL RESOURCES (Welborn, Chair): 3/11/2019

HB 229, be concurred in.

STATE ADMINISTRATION (Brown, Chair): 3/11/2019

HB 343, be concurred in.

TAXATION (Webb, Chair): 3/12/2019

SB 239, introduced bill, be amended as follows:

1. Title, page 1, line 4. **Following:** "OPTIC"

Insert: "OR COAXIAL CABLE"

2. Title, page 1, line 5. **Following:** "SECTIONS"

Insert: "15-6-135," Following: "15-6-156"

Insert: ","

3. Page 1, line 9.

Insert: "Section 1. Section 15-6-135, MCA, is amended to read:

"15-6-135. Class five property -- description -- taxable percentage. (1) Class five property includes:

- (a) all property used and owned by cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana, except property owned by cooperative organizations described in 15-6-137(1)(a);
 - (b) air and water pollution control and carbon capture equipment as defined in this section;
 - (c) new industrial property as defined in this section;
- (d) any personal or real property used primarily in the production of ethanol-blended gasoline during construction and for the first 3 years of its operation;
- (e) all land and improvements and all personal property owned by a research and development firm, provided that the property is actively devoted to research and development;
 - (f) machinery and equipment used in electrolytic reduction facilities;
- (g) all property used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telecommunications services exclusively to rural areas or to rural areas and cities and towns of 1,200 permanent residents or less.
- (2) (a) "Air and water pollution control and carbon capture equipment" means that portion of identifiable property, facilities, machinery, devices, or equipment certified as provided in subsections (2)(b) and (2)(c) and designed, constructed, under construction, or operated for removing, disposing, abating, treating, eliminating, destroying, neutralizing, stabilizing, rendering inert, storing, or preventing the creation of air or water pollutants that, except for the use of the item, would be released to the environment. This includes machinery, devices, or equipment used to capture carbon dioxide or other greenhouse gases. Reduction in pollutants obtained through operational techniques without specific facilities, machinery, devices, or equipment is not eligible for certification under this section.
- (b) Requests for certification must be made on forms available from the department of revenue. Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws, orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues.
- (c) The department of environmental quality shall promulgate rules specifying procedures, including timeframes for certification application, and definitions necessary to identify air and water pollution control and carbon capture equipment for certification and compliance. The department of revenue shall promulgate rules pertaining to the valuation of qualifying air and water pollution control and carbon capture equipment. The department of environmental quality shall identify and track compliance in the use of certified air and water pollution control and carbon capture equipment and report continuous acts or patterns of noncompliance at a facility to the department

of revenue. Casual or isolated incidents of noncompliance at a facility do not affect certification.

- (d) To qualify for the exemption under subsection (5)(b)(i), the air and water pollution control and carbon capture equipment must be placed into service after January 1, 2014, for the purposes of environmental benefit or to comply with state or federal pollution control regulations. If the air or water pollution control and carbon capture equipment enhances the performance of existing air and water pollution control and carbon capture equipment, only the market value of the enhancement is subject to the exemption under subsection (5)(b)(i).
- (e) Except as provided in subsection (2)(d), equipment that does not qualify for the exemption under subsection (5)(b)(i) includes but is not limited to equipment placed into service to maintain, replace, or repair equipment installed on or before January 1, 2014.
- (f) A person may appeal the certification, classification, and valuation of the property to the state tax appeal board. Appeals on the property certification must name the department of environmental quality as the respondent, and appeals on the classification or valuation of the equipment must name the department of revenue as the respondent.
- (3) (a) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, used by new industries during the first 3 years of their operation. The property may not have been assessed within the state of Montana prior to July 1, 1961.
 - (b) New industrial property does not include:
- (i) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions unless the business or profession meets the requirements of subsection (4)(b)(v);
- (ii) a plant that will create adverse impact on existing state, county, or municipal services; or
- (iii) property used or employed in an industrial plant that has been in operation in this state for 3 years or longer.
- (4) (a) "New industry" means any person, corporation, firm, partnership, association, or other group that establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry.
 - (b) New industry includes only those industries that:
 - (i) manufacture, mill, mine, produce, process, or fabricate materials;
- (ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials;
- (iii) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the North American Industry Classification System Manual prepared by the United States office of management and budget;
- (iv) engage in the transportation, warehousing, or distribution of commercial products or materials if 50% or more of an industry's gross sales or receipts are earned from outside the state; or
 - (v) earn 50% or more of their annual gross income from out-of-state sales.
- (5) (a) Except as provided in subsection (5)(b), class five property is taxed at 3% of its market value.
- (b) (i) Air and water pollution control and carbon capture equipment placed in service after January 1, 2014, and that satisfies the criteria in subsection (2)(d) is exempt from taxation for a period of 10 years from the date of certification, after which the property is assessed at 100% of its taxable value.

(ii) Fiber optic or coaxial cable facilities, as defined in 15-6-156, installed and placed in service on or after [the effective date of this act] are exempt from taxation during installation and for a period of 5 years starting from the date of deployment, after which the property exemption is phased out at a rate of 20% a year, with the property being assessed at 100% of its taxable value after a 10-year period. In order to qualify for and maintain the exemption, the owner of fiber optic or coaxial cable facilities must reinvest the tax savings from the exemption for fiber optic or coaxial cable facilities within 2 years following the tax year in which the tax savings are received by the owner of fiber optic or coaxial cable facilities without charging the costs to the consumer.""

Renumber: subsequent sections

4. Page 2, line 17. Following: "(b)" Insert: "(i)"

Following: "Fiber optic"
Insert: "or coaxial cable"
Following: the second "optic"

Insert: "or coaxial"

5. Page 2, line 18. Following: "optic" Insert: "or coaxial"

6. Page 2, line 19. Following: "optic"

Insert: "or coaxial cable"

7. Page 2, line 20. Following: line 19

Insert: "(ii) The term does not include routers, head-end equipment, central office equipment and other electronics, and hardware or software not directly associated with the installation and deployment of fiber optic or coaxial cable facilities."

8. Page 2, line 22. Following: "optic"

Insert: "or coaxial cable"

9. Page 2, line 25. Following: "."

Insert: "In order to qualify for and maintain the exemption, the owner of fiber optic or coaxial cable facilities must reinvest the tax savings from the exemption for fiber optic or coaxial cable facilities within 2 years following the tax year in which the tax savings are received by the owner of fiber optic or coaxial cable facilities without charging the costs to the consumer."

10. Page 3, line 26. **Following:** "optic"

Insert: "or coaxial cable"

11. Page 3, line 28. **Following:** "15-6-156"

Insert: ", if the owner of fiber optic or coaxial cable facilities reinvests the tax savings from the exemption for fiber optic or coaxial cable facilities within 2 years following the tax year in which the tax savings are received by the owner of fiber optic or coaxial cable facilities without charging the costs to the consumer"

12. Page 4, line 4. Following: "optic"

Insert: "or coaxial cable"

And, as amended, do pass.

SB 241, introduced bill, be amended as follows:

1. Page 1, line 17.

Following: "enforcement,"

Strike: "and"

Following: "roads"

Insert: ","
Strike: "and"

2. Page 1, line 18. Following: "bridges"

Insert: ", and other transportation needs"

3. Page 3, line 24.

Following: "resolution."

Insert: "The additional levy for infrastructure authorized under this subsection (4)(d) terminates when the specified infrastructure debts and project costs are paid, unless the board submits and the qualified electors approve another levy for infrastructure."

And, as amended, do pass.

HB 16, be amended as follows:

1. Page 2, line 3. Following: line 2

Insert: "(v) Projects funded with the loans must be subject to property taxes.

(vi) The maximum amount of a loan for any housing project is \$1.5 million."

And, as amended, be concurred in.

HB 24, be concurred in.

HB 288, be amended as follows:

1. Page 5, line 8.

Following: "actuary"

Insert: ","

Strike: "and two" Insert: "one" Strike: "have" Insert: "has"

2. Page 5, line 9.

Following: "individuals"

Insert: ", and one of whom has a disability"

3. Page 14, line 17.

Following: "applicability."

Insert: "(1)"
Strike: "[This"

Insert: "Except as provided in subsection (2), [this"

4. Page 14, line 19.

Following: line 18

Insert: "(2) [Section 4], amending 53-25-105, does not impact an existing public member's term on the program oversight committee."

And, as amended, be concurred in.

Without objection, committee reports were adopted.

FIRST READING AND COMMITMENT OF BILLS

The following Senate bills were introduced and read first time:

SB 324, introduced by T. Jacobson.

SB 325, introduced by S. Fitzpatrick.

The following Senate resolution was introduced, read first time, and referred to committee:

SR 43, introduced by S. Fitzpatrick, referred to Business, Labor, and Economic Affairs.

SECOND READING OF BILLS (COMMITTEE OF THE WHOLE)

Majority Leader Thomas moved the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. President Sales in the chair.

We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:

SR 31 - Senator Howard moved that the nominations transmitted by the Governor be concurred in and confirmed by the Senate in accordance with **SR 31**. Resolution adopted as follows:

Yeas: Ankney, Barrett, Bennett, Blasdel, Bogner, Boland, Brown, Cohenour, Cuffe, Ellis, Ellsworth, Esp, Fielder, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Hinebauch, Hoven, Howard, Jacobson, Kary, Keenan, Lang, MacDonald, Malek, McClafferty, McConnell, McNally, Olszewski, Phillips, Pomnichowski, Regier, Richmond, Salomon, Sands, Sesso, Small, Smith C, Smith F, Tempel, Thomas, Vance, Vuckovich, Webb, Webber, Welborn, Mr President. Total 49

Nays: None. Total 0

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

SR 34 - Senator Ankney moved that the nominations transmitted by the Governor be concurred in and confirmed by the Senate in accordance with **SR 34**. Resolution adopted as follows:

Yeas: Ankney, Barrett, Bennett, Blasdel, Bogner, Boland, Brown, Cohenour, Cuffe, Ellis, Ellsworth, Esp, Fielder, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Hinebauch, Hoven, Howard, Jacobson, Kary, Keenan, Lang, MacDonald, Malek, McClafferty, McConnell, McNally, Olszewski, Phillips, Pomnichowski, Regier, Richmond, Salomon, Sands, Sesso, Small, Smith C, Smith F, Tempel, Thomas, Vance, Vuckovich, Webb, Webber, Welborn, Mr President. Total 49

Nays: None. Total 0

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

SR 35 - Senator Ankney moved that the nominations transmitted by the Governor be concurred in and confirmed by the Senate in accordance with **SR 35**. Resolution adopted as follows:

Yeas: Ankney, Barrett, Bennett, Blasdel, Bogner, Boland, Brown, Cohenour, Cuffe, Ellis, Ellsworth, Esp, Fielder, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Hinebauch, Hoven, Howard, Jacobson, Kary, Keenan, Lang, MacDonald, Malek, McClafferty, McConnell, McNally, Olszewski, Phillips, Pomnichowski, Regier, Richmond, Salomon, Sands, Sesso, Small, Smith C, Smith F, Tempel, Thomas, Vance, Vuckovich, Webb, Webber, Welborn, Mr President. Total 49

Nays: None.

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

SB 267 - Senator Sands moved SB 267 do pass. Motion carried as follows:

Yeas: Ankney, Barrett, Bennett, Boland, Brown, Cohenour, Ellis, Esp, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Jacobson, Keenan, Lang, MacDonald, Malek, McClafferty, McConnell, McNally, Olszewski, Phillips, Pomnichowski, Richmond, Salomon, Sands, Sesso, Small, Smith F, Tempel, Vuckovich, Webber, Welborn.

Total 34

Nays: Blasdel, Bogner, Cuffe, Ellsworth, Fielder, Hinebauch, Hoven, Howard, Kary, Regier, Smith C, Thomas, Vance, Webb, Mr President.

Total 15

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

HB 33 - Senator Webber moved **HB 33** be concurred in. Motion carried as follows:

Yeas: Ankney, Barrett, Bennett, Blasdel, Boland, Cohenour, Cuffe, Ellis, Esp, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Jacobson, Keenan, MacDonald, Malek, McClafferty, McConnell, McNally, Olszewski, Phillips, Pomnichowski, Richmond, Salomon, Sands, Sesso, Small, Smith F, Thomas, Vuckovich, Webber, Welborn.
Total 34

Nays: Bogner, Brown, Ellsworth, Fielder, Hinebauch, Hoven, Howard, Kary, Lang, Regier, Smith C, Tempel, Vance, Webb, Mr President.

Total 15

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

SR 16 - Senator Salomon moved that the nominations transmitted by the Governor be concurred in and confirmed by the Senate in accordance with **SR 16**. Resolution adopted as follows:

Yeas: Ankney, Barrett, Bennett, Blasdel, Bogner, Boland, Brown, Cohenour, Cuffe, Ellis, Ellsworth, Esp, Fielder, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Hinebauch, Hoven, Howard, Jacobson, Kary, Keenan, Lang, MacDonald, Malek, McClafferty, McConnell, McNally, Olszewski, Phillips, Pomnichowski, Regier, Richmond, Salomon, Sands, Sesso, Small, Smith C, Smith F, Tempel, Thomas, Vance, Vuckovich, Webb, Webber, Welborn, Mr President. Total 49

Nays: None. Total 0

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

HB 198 - Senator K. Regier moved HB 198 be concurred in. Motion carried as follows:

Yeas: Ankney, Barrett, Bennett, Blasdel, Bogner, Boland, Brown, Cohenour, Cuffe, Ellis, Ellsworth, Esp, Fielder, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Hinebauch, Hoven, Howard, Jacobson, Kary, Keenan, Lang, MacDonald, Malek, McClafferty, McConnell, McNally, Olszewski, Phillips, Pomnichowski, Regier, Richmond, Salomon, Sands, Sesso, Small, Smith C, Smith F, Tempel, Thomas, Vance, Vuckovich, Webb, Webber, Welborn, Mr President. Total 49

Nays: None. Total 0

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

HB 334 - Senator Sands moved HB 334 be concurred in. Motion carried as follows:

Yeas: Ankney, Barrett, Bennett, Blasdel, Bogner, Boland, Brown, Cohenour, Cuffe, Ellis, Ellsworth, Esp, Fielder, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Hinebauch, Hoven, Howard, Jacobson, Kary, Keenan, Lang, MacDonald, Malek, McClafferty, McConnell, McNally, Olszewski, Phillips, Pomnichowski, Regier, Richmond, Salomon, Sands, Sesso, Small, Smith C, Smith F, Tempel, Thomas, Vance, Vuckovich, Webb, Webber, Welborn, Mr President. Total 49

Nays: None. Total 0

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

Majority Leader Thomas moved the committee **rise and report**. Motion carried. Committee arose. Senate resumed. President Sales presiding.

Majority Leader Thomas moved the Committee of the Whole report be adopted. Report adopted as follows:

Yeas: Ankney, Barrett, Bennett, Blasdel, Bogner, Boland, Brown, Cohenour, Cuffe, Ellis,

Ellsworth, Esp, Fielder, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Hinebauch, Hoven, Howard, Jacobson, Kary, Keenan, Lang, MacDonald, Malek, McClafferty, McConnell, McNally, Olszewski, Phillips, Pomnichowski, Regier, Richmond, Salomon, Sands, Sesso, Small, Smith C, Smith F, Tempel, Thomas, Vance, Vuckovich, Webb, Webber, Welborn, Mr President. Total 49

Nays: None. Total 0

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

THIRD READING OF BILLS

The following bills having been read three several times, title and history agreed to, were disposed of in the following manner:

SB 24 passed as follows:

Yeas: Ankney, Barrett, Bennett, Boland, Cohenour, Cuffe, Ellis, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Hoven, Jacobson, Keenan, Lang, MacDonald, Malek, McClafferty, McConnell, McNally, Phillips, Pomnichowski, Richmond, Salomon, Sands, Sesso, Small, Smith F, Tempel, Vuckovich, Webber, Welborn.

Total 33

Nays: Blasdel, Bogner, Brown, Ellsworth, Esp, Fielder, Hinebauch, Howard, Kary, Olszewski, Regier, Smith C, Thomas, Vance, Webb, Mr President.

Total 16

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

SB 228 passed as follows:

Yeas: Ankney, Barrett, Bennett, Bogner, Cuffe, Ellsworth, Esp, Fitzpatrick, Flowers, Gauthier,

Gillespie, Gross, Hinebauch, Hoven, Howard, Jacobson, Kary, Keenan, Lang, MacDonald, Malek, McConnell, McNally, Phillips, Regier, Richmond, Salomon, Sands, Sesso, Small, Smith C, Smith F, Tempel, Thomas, Vance, Vuckovich, Webb, Webber, Welborn, Mr President. Total 40

Nays: Blasdel, Boland, Brown, Cohenour, Ellis, Fielder, McClafferty, Olszewski, Pomnichowski. Total 9

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

SB 269 passed as follows:

Yeas: Barrett, Bennett, Boland, Cohenour, Ellis, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Jacobson, MacDonald, Malek, McClafferty, McConnell, McNally, Phillips, Pomnichowski, Richmond, Salomon, Sands, Sesso, Small, Smith F, Vuckovich, Webber.
Total 26

Nays: Ankney, Blasdel, Bogner, Brown, Cuffe, Ellsworth, Esp, Fielder, Hinebauch, Hoven, Howard, Kary, Keenan, Lang, Olszewski, Regier, Smith C, Tempel, Thomas, Vance, Webb, Welborn, Mr President.

Total 23

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

HB 86 concurred in as follows:

Yeas: Ankney, Barrett, Bennett, Boland, Brown, Cohenour, Ellis, Fitzpatrick, Flowers, Gauthier, Gillespie, Gross, Hoven, Howard, Jacobson, Lang, MacDonald, Malek, McClafferty, McNally, Olszewski, Phillips, Pomnichowski, Richmond, Salomon, Sands, Sesso, Small, Smith F, Tempel, Thomas, Vuckovich, Webb, Webber.
Total 34

Nays: Blasdel, Bogner, Cuffe, Ellsworth, Esp, Fielder, Hinebauch, Kary, Keenan, McConnell,

Regier, Smith C, Vance, Welborn, Mr President.

Total 15

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

HB 112 concurred in as follows:

Yeas: Ankney, Blasdel, Bogner, Brown, Cuffe, Ellsworth, Esp, Fielder, Fitzpatrick, Gauthier, Gillespie, Hinebauch, Hoven, Howard, Kary, Keenan, Lang, Olszewski, Regier, Richmond, Salomon, Small, Smith C, Smith F, Tempel, Thomas, Vance, Vuckovich, Webb, Welborn, Mr President.

Total 31

Nays: Barrett, Bennett, Boland, Cohenour, Ellis, Flowers, Gross, Jacobson, MacDonald, Malek, McClafferty, McConnell, McNally, Phillips, Pomnichowski, Sands, Sesso, Webber. Total 18

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

HJ 4 concurred in as follows:

Yeas: Ankney, Blasdel, Bogner, Brown, Cuffe, Ellsworth, Esp, Fielder, Fitzpatrick, Gauthier, Gillespie, Hinebauch, Hoven, Howard, Kary, Keenan, Lang, Olszewski, Regier, Richmond, Salomon, Sesso, Small, Smith C, Tempel, Thomas, Vance, Vuckovich, Webb, Welborn, Mr President.

Total 31

Nays: Barrett, Bennett, Boland, Cohenour, Ellis, Flowers, Gross, Jacobson, MacDonald, Malek, McClafferty, McConnell, McNally, Phillips, Pomnichowski, Sands, Smith F, Webber. Total 18

Paired: None.

Excused: Osmundson.

Total 1

Absent or not voting: None.

Total 0

ANNOUNCEMENTS

Committee meetings were announced by the committee chairs.

Majority Leader Thomas moved the Senate adjourn until 1:00 p.m., Wednesday, March 13, 2019, the fifty-first legislative day. Motion carried.

Senate adjourned at 2:09 p.m.

MARILYN MILLER Secretary of the Senate SCOTT SALES President of the Senate